

## Message Text

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ACTION ARA-20

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5371

INFO USLO PEKING

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

C O N F I D E N T I A L BRASILIA 6656

E. O. 11652: GDS

TAGS: PFOR, BR, CH

SUBJECT: BRAZILIAN-CHINESE RELATIONS

REF: BRASILIA 6195

SUMMARY: BRAZIL'S AUGUST 15 RECOGNITION OF THE PRC WAS WELL RECEIVED IN BRAZIL, WITH MAJOR COMMENTARY DEVOTED TO THE ECONOMIC BENEFITS EXPECTED TO ACCRUE TO BRAZIL AS A RESULT OF NEW RELATIONSHIP. WE BELIEVE, HOWEVER, THAT BRAZIL'S DESIRE TO ASSERT AN INDEPENDENT FOREIGN POLICY WAS A MAJOR FACTOR IN THE BRAZILIAN ACTION. END SUMMARY

1. THE ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN BRAZIL AND CHINA COMPLETED A PROCESS OF RAPPROCHEMENT WHICH APPEARS TO HAVE BEGUN IN 1971, WHEN BRAZILIAN BUSINESSMAN HORACIO COIMBRA, ACCOMPANIED BY AN "UNOFFICIAL" FOREIGN MINISTRY ESCORT, VISITED THE CANTON TRADE FAIR AT THE INVITATION OF THE CHINESE GOVERNMENT. THIS WAS FOLLOWED BY VISITS TO CHINA OF REPRESENTATIVES OF THE ASSOCIATION OF BRAZILIAN EXPORTERS IN 1972 AND 1974, THE  
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LATTER MISSION INCLUDING REPRESENTATIVES OF THE

BRAZILIAN GOVERNMENT, AND CULMINATED IN THE ARRIVAL IN BRAZIL ON AUGUST 7 OF AN ELEVEN-MAN CHINESE DELEGATION.

2. ACCORDING TO HIGH-LEVEL BRAZILIAN SOURCES, THE GEISEL GOVERNMENT DECIDED SOON AFTER TAKING OFFICE TO EXAMINE THE PROSPECTS FOR RELATIONS WITH CHINA. DURING AN AUGUST 22 CONVERSATION WITH JUSTICE MINISTER FALCAO, THE DATT WAS INFORMED THAT THE FULL MEMBERSHIP OF THE NATIONAL SECURITY COUNCIL HAD BEEN CONSULTED ON THE CHINA QUESTION IN EARLY APRIL AND THAT A POSITION IN FAVOR OF RECOGNITION WAS ESTABLISHED AT THAT TIME. THE DECISION TO RECOGNIZE CHINA SOONER RATHER THAN LATER APPARENTLY WAS TAKEN WHEN IT BECAME CLEAR THAT, ACCORDING TO THE ESTADO DO SAO PAULO (AUGUST 16), "...IT WOULD NOT BE POSSIBLE TO ARRANGE ANY COMMERCIAL OR ECONOMIC EXCHANGE WITH CHINA WITHOUT PRIOR ESTABLISHMENT OF DIPLOMATIC RELATIONS." THIS WAS REFLECTED IN THE FEW PUBLIC COMMENTS OF CHINESE DELEGATION LEADER CHEN CHIEN PRIOR TO THE ANNOUNCEMENT OF RELATIONS, WHEN HE CONSISTENTLY LINKED THE INCREASE OF COMMERCIAL TIES BETWEEN BRAZIL AND CHINA TO THE ESTABLISHMENT OF "STATE RELATIONS." SEVERAL SOURCES INFORM US THAT THE CHINESE DELEGATION BEGAN IMMEDIATELY AFTER ITS ARRIVAL ON AUGUST 7 TO PRESS FOR ESTABLISHMENT OF RELATIONS IN ITS MEETINGS WITH THE BRAZILIAN GOVERNMENT.

3. ACCORDING TO A WELL-INFORMED JOURNALIST, PRESIDENT GEISEL APPROVED THE ESTABLISHMENT OF RELATIONS WITH CHINA ON AUGUST 12, BUT LEFT OPEN THE TIME FOR COMMUNICATION OF THE DECISION TO THE CHINESE (A DATT SOURCE WHO ACCOMPANIED THE GROUP SAID THAT THE DECISION WAS MADE ON AUGUST 8). THIS APPEARS TO HAVE BEEN INTENDED TO PERMIT PRESSURE TO BE EXERTED ON THE CHINESE DELEGATION TO INCLUDE TWO HIGH-PRIORITY BRAZILIAN ITEMS, PETROLEUM AND COAL, IN THE AGREED LIST OF ITEMS TO BE CONSIDERED FOR COMMERCIAL EXCHANGE. ACCORDING TO THE SAME SOURCE, THE CHINESE DELEGATION RECEIVED AUTHORIZATION FOR THIS FROM PEKING ON WEDNESDAY, AUGUST 14, AND AGREEMENT TO ESTABLISH RELATIONS WAS REACHED

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THE SAME DAY, TO BE ANNOUNCED ON AUGUST 15. THE ANNOUNCEMENT OF THIS DECISION MAY HAVE BEEN FORESHADOWED IN PRESIDENT GEISEL'S LETTER OF AUGUST 12 TO PRESIDENT FORD -- INDEED THIS MAY HAVE BEEN PART OF THE PREPARATION PROCESS - IN WHICH POINTED REFERENCE WAS MADE TO THE "ECUMENICAL" AND "CONTEMPORANEOUS" NATURE OF THE GEISEL FOREIGN POLICY. THE ANNOUNCEMENT WAS WELL-RECEIVED, EVEN HAILED, IN BRAZIL, AS EVIDENCE

OF, IN THE WORDS OF ONE PROMINENT EDITORIALIST, "ADULT DIPLOMACY." WE HAVE AS YET HEARD OF NO SERIOUS EXPRESSIONS OF DISSATISFACTION AMONG MEMBERS OF THE BRAZILIAN "SYSTEM," INCLUDING THOSE MEMBERS OF THE MILITARY HIERARCHY WHO ARE NORMALLY REGARDED AS "HARD-LINERS."

4. IT IS DIFFICULT TO PIN DOWN, AT THIS TIME, THE EXACT PROSPECTS FOR BRAZILIAN COMMERCIAL BENEFIT AS A RESULT OF THE RECOGNITION OF CHINA. WHILE SOME OBSERVERS POINT UP THE OBVIOUS ADVANTAGE FOR BRAZIL IN DIVERSIFYING ITS SOURCES OF ENERGY IMPORTS, OTHER BELITTLE THAT ASPECT OF POSSIBLE TRADE AND POINT TO THE ENORMOUS POTENTIAL CHINESE MARKET FOR BRAZILIAN AGRICULTURAL PRODUCTS AND CONSUMER GOODS AS THE REAL AREA OF BENEFIT TO BRAZIL. WHATEVER THE MERITS OF THESE ARGUMENTS, IT IS CLEAR THAT THE ATTRACTION OF TRADE WITH CHINA WEIGHED HEAVILY IN THE BRAZILIAN DECISION; SOME COMMERCIAL CONTRACTS WITH CHINA WILL PROBABLY BE SIGNED IN THE NEAR FUTURE (THIS ASPECT WILL BE TREATED IN SEPTTEL). IT IS EQUALLY CLEAR, HOWEVER, THAT, IN THE WORDS OF THE ESTADO DE SAO PAULO, "... IT WOULD BE INGENUOUS TO SUPPOSE THAT THE DECISION IS ORIENTED ONLY IN THE DIRECTION OF ECONOMICS OR COMMERCE." ACCORDING TO THAT JOURNAL, THERE IS "... ABOVE ALL, THE NECESSITY TO ENGAGE IN DIRECT DIALOGUE WITH THE GREAT POWER WHICH HAS POSITIONS SIMILAR TO THOSE OF BRAZIL IN QUESTIONS SUCH AS THE TERRITORIAL SEA AND EXPLOITATION OF NATURAL RESOURCES, POPULATION POLICY AND THE DEFENSE OF THE PRICES OF RAW MATERIALS."

5. WHILE ALL OF THESE ELEMENTS GIVE VALID REASONS FOR THE BRAZILIAN DECISION TO RECOGNIZE CHINA, WE BELIEVE THAT A MAJOR --AND, PERHAPS, OVERRIDING--FACTOR IN THE DECISION WAS BRAZIL'S CONFIDENTIAL

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DRIVE TO ASSERT AN INDEPENDENT FOREIGN POLICY, BY PUTTING INTO PRACTICE THE "ECUMENICAL" ELEMENT OF THE GEISEL ADMINISTRATION'S "RESPONSIBLE PRAGMATISM". WE BELIEVE THE DECISION TO RECOGNIZE CHINA IN THE RATHER SUDDEN FASHION IN WHICH IT WAS DONE WAS NOT A RESPONSE TO PROSPECTS OF IMMEDIATE ECONOMIC ADVANTAGE, BUT, RATHER, IS ANOTHER EVIDENCE OF WHAT APPEARS TO BE A TENDENCY OF THE GEISEL ADMINISTRATION TO PUSH BRAZIL INTO THE INTERNATIONAL MAJOR LEAGUE. CRIMMINS

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